

Modified Enlarged 24pt
OXFORD CAMBRIDGE AND RSA EXAMINATIONS

Monday 4 October 2021 – Morning

A Level Economics

H460/01 Microeconomics

Time allowed: 2 hours
plus your additional time allowance

YOU MUST HAVE:

Stimulus Material Insert
(with this document)

YOU CAN USE:

a scientific or graphical calculator

Please write clearly in black ink.

Centre number

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Candidate number

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First name(s) _____

Last name _____

READ INSTRUCTIONS OVERLEAF

INSTRUCTIONS

Use black ink. You can use an HB pencil, but only for graphs and diagrams.

Answer ALL the questions in Section A, ONE question in Section B and ONE question in Section C.

Write your answer to each question in the space provided. If you need extra space use the lined pages at the end of this booklet. The question numbers must be clearly shown.

INFORMATION

The total mark for this paper is 80.

The marks for each question are shown in brackets [].

Quality of extended response will be assessed in questions marked with an asterisk (*).

ADVICE

Read each question carefully before you start your answer.

SECTION A

Read the stimulus material in the insert and answer ALL parts of Question 1 which follow in this section.

- 1 (a) Refer to LINES 26–28. Calculate, using information from the stimulus material, the average cost of a seat on an easyJet plane in 2018.

[2]

(b) Refer to LINES 34–44. Explain, using evidence from the stimulus material, what is meant by joint demand.

[2]

(c) Using TABLE 2, explain the concept of utility.

[2]

(d) “There is certainly a strong case for the current tax-free status of jet fuel to end.” (lines 88–91)

Explain, using a diagram, the impact on the level of consumer surplus if jet fuel is taxed by the UK government. [4]

(e) Evaluate TWO factors which may determine the value of the price elasticity of demand for air travel. [8]

[illegible]

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(f)* Evaluate, using evidence from the stimulus material, government intervention in the market for air travel. [12]

[illegible]

[illegible]

SECTION B

Answer EITHER Question 2 OR Question 3.

EITHER

- 2* The gender pay gap for full-time workers in the UK has fallen from 17% to 9% in the past 20 years. However, the gap is still over 30% in many engineering and manufacturing jobs but is much smaller, or even negative, in many service sector jobs, including in the health sector.**

Evaluate, using an appropriate diagram(s), whether wage differentials are mainly caused by the presence of a monopsonistic employer. [25]

OR

3* The nature of the market experienced by internet-based firms, such as Amazon Marketplace, eBay and Alibaba, means that they may not have an objective of profit maximisation.

Evaluate, using an appropriate diagram(s), how a firm's objectives, other than profit maximisation, may affect its price and output decisions. [25]

Question _____

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

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SECTION C

Answer EITHER Question 4 OR Question 5.

EITHER

- 4* China is the world's second largest economy, has the fastest growing consumer market and is the second largest importer of goods – all from a centrally planned economy. However, more than 50% of China's surface water is not fit for human consumption.**

Evaluate whether economic incentives are required to achieve an efficient allocation of resources. [25]

OR

5* According to scientists, there are at least half a million pieces of space rubbish in the earth's atmosphere.

Delhi, India's capital city, sees 80 deaths a day due to air pollution.

Evaluate how the problem of scarcity can be used to explain the requirement to make choices between free goods and economic goods. [25]

Question _____

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

END OF QUESTION PAPER

ADDITIONAL ANSWER SPACE

If additional space is required, you should use the following lined page(s). The question number(s) must be clearly shown in the margin(s).

[illegible]

[illegible]

[illegible]

[illegible]

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